

IMPLICATION OF ESTIMATED PER LINE SALES EXPENSES FOR THE BACE MODEL BUSINESS CUSTOMER SEGMENTS				
	BACE Estimate (per Line)	Company and Per Line Sales Expense		
		Mpower	ChoiceOne	Allegiance
SOHO	\$324	N/A	N/A	N/A
SME/A	\$333	N/A	N/A	N/A
SME/B	\$387	N/A	N/A	N/A
SME/C	\$421	N/A	N/A	N/A
Average	N/A	\$309-343	\$170	\$188
Notes and Sources: Mpower estimate is based on company's reported customer acquisition costs and LECG estimate of gross line additions (i.e., gross adds = net adds + (avg. lines * 2% monthly churn rate)). ChoiceOne estimate is Steve Dubnik, Chairman and CEO "Choice One Communications Q1 2002 Earnings Call," Fair Disclosure Financial Network, May 9, 2002, p. 8. (transcript). Allegiance is estimated as 30% of SG&A expenses / estimated gross line adds (net adds + (avg. lines * 2% monthly churn rate)), where the 30% is estimated based on Peter DiCaprio <i>et al.</i> , "Allegiance Telecom, Inc. – Q4 Preview - Operating Leverage Cometh" Thomas Weisel Partners Report, February 19, 2002, p. 7.				